

**Saturday October 19, 2002**

## **Transcript**

### **Remarks and Press Conference**

**U.S. Trade Representative Robert B. Zoellick  
Australian Minister of Foreign Trade Mark Vaile  
and Bolivian Minister of Foreign Affairs Carlos Saavedra**

**Cabildo Room, Hotel Los Tajibos  
Santa Cruz, Bolivia**

**U.S. Ambassador Zoellick:** I wanted to start by thanking the government of Bolivia for hosting this important meeting. I've had an opportunity to meet with the President and the Minister over the course of the evening and today. We had a good discussion of a number of trade issues, including the implementation of the Andean Trade Preference Act, which the U.S. Congress not only extended but expanded; our work together on the ALCA or the Free Trade Area of the Americas, which will next have a ministerial on November 1 in Quito; and finally the WTO negotiations, of which this meeting is a key part. I was also delighted to have a chance to talk to the President in advance of his visit to the United States on November 14. We are looking forward to giving him a very warm welcome.

I want to thank the Cairns Group for their thoughtfulness in inviting us to be with them today. This is a very important group for all those concerned about the liberalization of global agriculture markets. In September of last year, we met with the Cairns Group and we set some objectives for agriculture that we hoped to achieve in the meeting of the WTO countries in Doha in November, and together we were successful. We had a very good mandate for negotiations come out of that Doha process. So now we're working on the next stage. The United States and the Cairns Group have both come forward with specific proposals to reduce and eliminate agricultural subsidies and tariffs. We have some slight differences but we have many, many more areas of common interest.

So part of my purpose was, through the large meeting we just attended and smaller bilaterals, to try to listen and to learn from my colleagues in the Cairns Group about their interests and how we could work together more effectively. Because I think that agriculture negotiations will be the cornerstone of a successful Doha development agenda, and, as the developing countries know best of all, it is also fundamental for their ability to use an open trade system to support their strategies of development. This is a meeting that precedes another meeting that we will have with the countries of the Asian

Pacific next week, and then in November a meeting in Sydney of some of the ministers from WTO countries. And our message at these meetings will be the same: We have to move forward on agriculture if we are going to have a successful negotiating round. I think together we will urge those countries that have not come forward with proposals to reform agriculture to do so, so we're not delayed. Muchas gracias...

**Bolivian Foreign Minister Carlos Saavedra Bruno:** Thank you. I want to take this new opportunity to reiterate the significance of the Cairns Group Ministerial in Bolivia. As you all know, the Cairns Group has become a highly important and influential political element. Not only is it a compact group, but it also has very clear ideas: True trade liberalization will have to include the liberalization of agricultural subsidies. I feel the timeliness of this meeting is important due to the approaching WTO meetings we have next year.

Not only has this meeting been important because of the Cairns Group members' attendance, but I also think we ought to highlight its enormous importance because of the attendance of our guests. First, I want to highlight the attendance of Ambassador Zoellick, representing the United States. I want to also highlight the attendance of the WTO Director General, and the attendance of the Chinese Ambassador to the UN. I believe their being present somehow helps strengthen the Cairns Group and opens possibilities to start discussions on an issue that is not only important for Bolivia, but for all the countries that have a significant agricultural production.

I want to underscore our closeness to the United States in a common interest, despite - as Ambassador Zoellick mentioned - some differences that we may still have. I think we will keep getting closer little by little because - as I said this morning - true trade will only be valid in as much as it helps our countries export our agricultural production, in which many [producers] are competitive and which accounts for a major share of the occupations of the citizens. I want to emphatically state that the liberalization of markets and free trade agreements with other countries are vital for Bolivia. The size of our economy and our population is so that the future of the country relies on exports, and no doubt, the free trade issue will help Bolivian production be competitive abroad.

I want to thank again the Cairns Group Chair for his leadership and the importance he has had in the preparation of a Cairns Group statement that we will shortly see, and our guests that took into account Cairns Group views.

Bolivia will continue to work in the Andean Community, MERCOSUR, FTAA and in any space that allows market liberalization to move forward, and will get closer to others so, hopefully, in the short or medium term, we will achieve a market that will allow us to enter all those countries. Thank you.

**Australian Trade Minister and Cairns Group Chair Mark Vaile:** Thank you very much to our host Minister Saavedra, distinguished guests, United States Trade Representative Ambassador Zoellick, ladies and gentlemen.

The meeting so far this morning has been quite indicative of the strength of purpose and unity that has always been displayed by the Cairns Group.

The message that has been coming out of this meeting is that agriculture is critical to the economic prospects of Cairns Group countries and clearly an outcome on agriculture in the Doha Round is crucial to the completion of the Doha Round. Our message is particularly relevant given the location of our meeting here in Bolivia. Bolivia, a developing country in Latin America and a country that is highly dependent on its agricultural sector.

In an effort to broaden the network of influence we exercise in our pursuit of agricultural trade liberalization, we have invited as guests this year to our meeting in Santa Cruz, Bolivia, Ambassador Bob Zoellick, Ambassador Sun from China and the Trade Minister from Uganda Professor Rugumayo and the Director General of the WTO Dr Supachai.

We have found in the discussions this morning that there is no doubt that there are many many more things that unite us than divide us on issues surrounding agricultural trade liberalization. Although on some issues we may not see eye to eye with the United States, we proved last year in the lead up to Doha the significant strength of a strong partnership between the Cairns Group and the United States.

The Cairns Group and the United States are the only two players in the WTO to have put forward ambitious and far reaching proposals to the agricultural negotiations. It is absolutely critical that we continue to work closely together. We must continue to encourage the other major players to come forth with their proposals.

Our proposals may be described as being ambitious. Nobody could expect anything less from the Cairns Group. In the discussions with representatives from the United States led by Ambassador Zoellick today, we can conclude that there are absolutely for more things that unite us than divide us in this regard. As Ambassador Zoellick said, the opportunities exist now to achieve real reform in agricultural trade could be described as a one in 20 year opportunity. It is an opportunity that we must not miss and will not miss.

So if I could just acknowledge the presence of our American colleagues, the Ambassador from China, the Ugandan Trade Minister and the WTO Director General, Dr Supachai and thank them very much for their contributions to our meeting here today. And hopefully this message will go out to other countries in the WTO that the agenda we

embarked upon from Doha should not and will not be delayed, should not and will not be diverted, nor will it be watered down. Thank you very much ladies and gentlemen.

**Journalist Question: Has the U.S. proposed the signing of a joint statement with the Cairns Group?**

**Ambassador Zoellick:** We've discussed various ways over the years about how best to express our commonalities of interest. But since this is a Cairns Group meeting, and we are their guests, that is really up to the Cairns Group. As you know, this meeting will be ongoing, and so what we will look to is the final communiqué of the Cairns Group and their press conference when they complete it, and I hope that you will see that there is a strong commonality of interest. When we met last year at Punta de Este, I do not remember having any separate statement. But we left in close agreement and a few months later we were able to achieve our goals at Doha.

**Journalist Question: What was the reaction from Latin American leaders and the Cairns Group to the new Farm Bill that subsidizes farming and farmers with several million dollars in the U.S.?**

**Ambassador Zoellick:** Well, as you know well, when that Farm Bill first came out, we received a lot of criticism. Much of the criticism was well organized by our European friends who, of course, spend three times the amount we do. So in my presentation today, I not only outlined our proposal, but I also talked a little bit about the Farm Bill.

I hope you pay close attention so that we can get the story out straight. First, the Farm Bill does not affect any of our tariffs and already about 90% of Latin American agriculture comes into the United States tariff-free. Second, the Farm Bill does not change our export subsidies which only amount to about \$15 million compared to the EU's \$2 billion, and that is why we will eliminate them tomorrow if the EU agrees. Third, we estimate that our agriculture spending in the future will be about 20% less than it has been over the average of the past three years because this bill will avoid annual supplementals on top of the basic law. And fourth, and this is very important, I explained that what our Congress is doing with the Farm Bill is saying that our subsidies will remain under our limit set in the Uruguay Round of \$19 billion. The European limit is \$62 billion compared to our \$19 billion. Japan, that agricultural powerhouse, has a \$30 billion limit compared to our \$19 billion limit.

And that goes to the heart of what we were discussing with the Cairns Group today. We will cut our \$19 billion to \$10 billion if the Europeans will cut their \$62 billion to \$12 billion. So if I could draw you a picture: The Europeans are here, the Japanese are here, we are here, and the rest of the world is there. (I've never done this in translation before.) Our proposal will bring everybody down closer to harmonize at much lower levels on the way to elimination.

Remember in math class they used to talk about asymptotic lines? That is what we are doing here. The key point is that we want to work with the Cairns Group to reduce those

levels, but, in the meantime, our Congress certainly is within the WTO rights to spend up to those levels.

Just to finish, we have a similar proposal in the area of tariffs, which would drastically reduce tariffs. So this is actually an opportunity that the developing world often doesn't have. It could use the weight of the United States and some of our money to press the Europeans and the Japanese and the United States to cut. You should ask the Latin ministers about whether they support this effort, but from my conversations I find them very supportive.

**Journalist Question: When does the process reducing subsidizing that you have announced begin and end?**

**Ambassador Zoellick:** That is what we are trying to negotiate in the Doha round. In general, the 142 economies of the world (now 144 because it includes China and Taiwan) agreed that we would try to complete these negotiations by 2005; that they would start to go into effect in 2006, and most of the proposals look at a 5-year phase-in. But, again, in the meantime, as I said, through the Andean Trade Preference Act, through Free Trade Agreements, through a number of means, we've already opened up access to the United States market significantly for Latin America, Africa, and other developing countries. We have almost already eliminated our export subsidies since they are only \$15 million. Since some of you understandably may not be specialists in the arcane discussion of subsidies in the WTO, please recognize export subsidies are different from what they call domestic support, which are internal payments that affect production. So our proposal, like that of the Cairns Group, covers three pillars: export subsidies, domestic subsidies affecting production, and tariffs.

**Journalist Question: [inaudible]**

**Australian Trade Minister and Cairns Group Chair Mark Vaile:** The United States and the Cairns Group have stood very closely together on the issue of agricultural trade liberalization. We believe that the unified position that we took leading up to Doha last year played a significant part in achieving the launch of the Round.

Of the major players in the agricultural negotiations, it is only the Cairns Group and the United States that put down a clear and ambitious position. Both proposals clearly identify and link together the three core pillars, proposing the means by which we can address export subsidies, domestic support and market access. We have proposed similar mechanisms to achieve liberalization in this regard. It is clearly our position and that of the United States that we need to continue to work closely together to achieve our goals.

**Journalist Question: Why is the Cairns Group not addressing to the U.S. why they continue to subsidize [inaudible]?**

**Australian Trade Minister and Cairns Group Chair Mark Vaile:** We have two choices in this regard: We fight it out in the WTO as we are in this round to improve the

disciplines you are talking about or we do nothing. We're not going to do nothing. That is why the Cairns Group continues to exist, continues to fight, continues to build a broader network of influence. That is why we have these other Ministers here from China, Uganda, we normally have Kenya, Egypt, all arguing the same case to improve that circumstance. Now the Americans acknowledge that. We just heard Bob Zoellick acknowledge that their proposal will see a reduction in all those areas if others reduce. At this stage there've been no indications from others what they're going to do, other than the Cairns Group. There's only the Cairns Group and the U.S.A. that have indicated what we're prepared to do.

**Journalist Question: Why are the Cairns Group not pushing the United States to reduce their Green box subsidies [inaudible]?**

**Australian Trade Minister and Cairns Group Chair Mark Vaile:** What do you think they're doing here? We've invited the United States to come and engage in that meeting in there in a frank discussion about those areas. And we did. And as well, that issue is raised in every bilateral that is undertaken in the margins of this meeting.

**Journalist Question: Is there a new line between you, the Cairns Group and the United States and on the other side the EU and Japan? Is that new?**

**Australian Trade Minister and Cairns Group Chair Mark Vaile:** No, it's not new. The Cairns Group and the U.S. in the lead up to Doha obviously were the demanders in terms of agricultural reform. We still are. And what we are saying now is that unless we see significant improvement in agriculture, unless we achieve liberalization in agricultural trade, we are not going to conclude this round, we are not going to agree to it.

**Journalist Question: The reduction of the tariffs the US mentions is it convincing, is it satisfactory?**

**Australian Trade Minister and Cairns Group Chair Mark Vaile:** We've got to take on face value what the Americans have documented as far as their position is concerned. We've continued to say to the Americans we don't agree with the level of support they provide through their Farm Bill. The only way we're going to see that reduced is if others reduce at the same. In that regard, at least, the United States have indicated what they are prepared to do. We have seen no such proposal from the European Union, Japan or Korea.